

Candidates' Surplus Funds – Frequently Asked Questions

What are surplus funds? Any monetary contribution that was received for an election, not spent on the election, still in your possession and control *after* the election is held, and not needed to pay campaign debt from the election.

What can I do with my surplus funds? You have seven options:

1. Refund the contribution(s). Don't return more money to a contributor than you received from that source!;
2. Reimburse yourself for earnings lost as a result of your campaign activities. Lost earnings must be verifiable as unpaid salary, or if you are not salaried, the amount reimbursed should not exceed income received by you for services rendered during an appropriate, corresponding time period;
3. Transfer the surplus without limit to a political party or to a caucus political committee;
4. Make a charitable donation;
5. Give it to the state treasurer for the state's general fund, the oral history, state library, and archives account, or the legislative international trade account;
6. Spend it on nonreimbursed public office-related expenses if you are elected. You must register a surplus funds account with the Public Disclosure Commission and file surplus funds account expenditure reports if you choose this option; and/or
7. You may leave the surplus funds in the campaign account for possible use in a future election campaign for the same office that you were campaigning for when the contributions were received. In order to use the contribution for a campaign for a different office, you'll first have to receive the contributor's written approval.

Can I give my surplus funds to another candidate? No.

Do I have to open a separate bank account for surplus funds? Only if you are spending your surplus funds on nonreimbursed public-office related expenses. A surplus funds bank account is a perpetual account – each time you run for office and are left with surplus funds, they may be deposited into the surplus funds bank account regardless of which office you sought. (e.g., Surplus funds from a city council campaign can be deposited into an account that contains surplus funds from a state legislative campaign.) Only surplus funds can be deposited into the surplus funds bank account!

Do I have to report how I spend my surplus funds? Yes.

If you do not open a surplus funds bank account because you are not going to make nonreimbursed office-office related expenditures, continue to file monthly campaign reports after the election showing your

expenditures. At the end of each month, if you have not spent \$200 since the last C-4 report was filed, you may wait until you do and then file a report for multiple months.

If you plan to make nonreimbursed office-related expenditures, open a surplus funds bank account and file a Candidate Registration (PDC Form C-1) for the account. File monthly surplus funds account C-4 reports showing your expenditures. At the end of each month, if you have not spent \$200 since the last surplus funds account C-4 report was filed, you may wait until you do and then file a report for multiple months.

Reporting Schedule for Surplus Funds Accounts		
Rpting period start date	Rpting period end date	Report due
Jan 1	Jan 31	Feb 10
Feb 1	Feb 28 (or Feb 29)	Mar 10
Mar 1	Mar 31	Apr 10
Apr 1	Apr 30	May 10
May 1	May 31	Jun 10
Jun 1	Jun 30	Jul 10
Jul 1	Jul 31	Aug 10
Aug 1	Aug 30	Sep 10
Sep 1	Sep 30	Oct 10
Oct 1	Oct 31	Nov 10
Nov 1	Nov 30	Dec 10
Dec 1	Dec 31	Jan 10

If I open a surplus funds bank account, when can I close the account? The account can be closed when the balance is \$0.

What do I do if I want to keep the surplus funds to use in my next campaign? File a final C-4 report for the current campaign and show the balance of your surplus funds on Line 20. When you become a candidate in the future and file your initial C-4 report, report the balance of the surplus funds again on Line 1. Any bank charges paid or interest earned during the period between the campaigns will be reported on the initial reports of the future campaign.

Can I invest my surplus funds? Yes. Campaign funds or surplus funds may be invested in bonds, certificates, tax-exempt securities, savings accounts or other similar instruments in financial institutions or in mutual funds. Financial institutions other than banks, savings and loan associations, and credit unions may NOT be used as the campaign depository into which contributions are deposited and out of which campaign expenditures are made. However, brokerage houses and other financial institutions may be used for investing campaign funds so long as the investment by the brokerage house or other institution is in the form of bonds, certificates, tax-exempt securities, and mutual funds.

If you invest campaign funds, take the following steps:

- Notify PDC by letter of the date, amount and the name of the financial institution where the surplus is invested. Do not report the investment as an expenditure on Schedule A or on the C-4 report.
- Deposit all interest, dividends or income earned by the investment into the investment account. Report this income as miscellaneous receipts on line 1d of the C-3 report.
- When the investment is terminated, re-deposit the principal plus the accrued earnings into the original campaign account. Notify PDC by letter that this re-deposit has been made. Do not report this transfer as a contribution on the C-3.
- Check with the IRS or your personal tax consultant about any tax liability that the investment may create.